

OptionProfessor.com Weekly

May 29th, 2022

# PORTFOLIO ROADMAP & BLOG



BY THE OPTION PROFESSOR

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AD: Bonus Partner Education:

- Master Class: [The Power Of Options](#)
- Report: [5 Stocks to Double in 2022](#)
- Uranium Bull Market: [Hottest Stock Sector of 2022](#)

*Read on for this week's update from The Option Professor...*

## OptionProfessor Market Update

• Questions or comments? Email [optionprofessor@gmail.com](mailto:optionprofessor@gmail.com)

### OPTIONPROFESSOR PORTFOLIO ROADMAP 05/29/22:

May 28 2022

We found out this week that when you get a high volume sell off for 8 weeks & you are coming up on a 3-day holiday weekend/EOM & the market are off 20%+ to 30%+ off their highs & the threat of parabolic interest rates rising abates & Fed governor with surely no voting rights suggests a pause in Fed tightening in September.. you get a face ripper rally:)

What a shock!...Now we will soon have the end of the month/holiday behind us & we are 350 SPX points off the lows. This is where we may get a different game. SPX has technical resistance above 4178/4270/4450 so more wood to chop. We have explained to people that the liquidity in the market is terrible thus the volatility (it's comical Citadel/High Frequency rule)

We must ask questions....Is the Fed joking or do they want inflation down?...Is tight labor-rising wages, rising retail sales/consumer spending/credit, food, shelter & energy rising, rising stock prices going to help reach their MANDATE?

Will QUANTATIVE TIGHTENING which starts THIS WEEK going to help liquidity and be supportive to rising stock prices?

When EARNINGS get cut....do you think that will help VALUATIONS? The BOND YIELDS are ahead of themselves..how far?

The Fed needs DEMAND DESTRUCTION and betting in that direction makes sense unless they are all talk no action.

This is NOT our FIRST RODEO so when mortgage rates pop real estate hit 15%...4%+inflation 4%-Unemployed=Recession. Will we see it again this time? Odds are good unless the Fed says 4%+ inflation is good and YIELDS drop substantially.

NO QUESTION..if the Fed pivots after 2 more hikes and inflation tanks...stocks will test/make highs and bonds are a deal

It's a little early for us to join that conga line but we have humility and look for more evidence that contrarians will win.

Let's stroll the Portfolio Road Map & see what's cookin' Remember Consult your brokerage firm/broker/advisor to determine your risk tolerance and suitability. Information & Opinions are for informational purposes only It is NOT advice

## Stock Market Growth & Value

Before we get started...we see TV touts & Newsletter perma bulls that have cost subscribers lots of money are either all going to energy or refer to stocks from 4 yrs ago...we are sticking with what we told you for a long tome ...value, dividend payers utilities and energy stocks are what's been working....sure tech, growth, innovative, banks, industrials, materials, health care have picked up steam but are still in major downtrends in our view...cyber security & cloud computing maybe.

## Bond Market Income

Of course we told you that the 10 yr Treasury peaked at 3.20% so far and you could buy all you want against that point which has been genius this week BUT with the economy & consumer going nuts the recess may be short lived..we'll see.

Ladders on Treasuries certainly haven't hurt and allowed for many more sleep filled night than those chasing duration. Everything bounced (HYG MUB TLT) when the vibe went to Fed pause but a bounce is not a trend so caveat emptor! Like we said JPM's 20yr debt non callable at 5%+ was a steal if we get a pause and a break in inflation...both long shots.

## International Markets US Dollar

The US Dollar has lost some elevation when it hit 105 DXY and our rates declined...Euro BP Yen Aussie Can\$ all bid up. Could be just a pause unless a reversion to 98 in the cards. We told you about Mexico & Brazil which have zoomed up and the possibility of Australia & Europe....unless we all go in the toilet with a recession....then no place to hide. China PMI's come out next week...we got a rally after BABA & BIDU earnings...when they unlock...all heck may break loose (FXI?LVS)

## Speculation-Energy-Gold-Ags-Crypto

Energy stocks are on fire and some say after China lets out so will the horses out of the barn on demand. Gold & Silver & Copper/Industrial Metals could have a big future if the Fed blinks and infrastructure gets its mojo back..watch it closely. The grains are losing some of their gas and if there is a release of more supplies a top (ADM CF MOS) may be happening soon. The weather could send everything up parabolic so it's tough to make a bera call without more price evidence. Crypto's a mess but if two are to survive itls GBTC & ETHE in our view so let's see where they call off the dogs...lotsa liquidation!

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Happy Memorial Day Weekend!  
See you at the Free Webinar Tuesday!

Option Professor

## **BLOG UPDATE 05/29/22: Stock Market-Why Such A Big Rally? Positioning & Liquidity...Trust It & What's Ahead? Read This!**

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### May 28 2022 Option Professor Opinions & Observations

We just got the biggest rally this week in a long long time. We told readers that when the 10 yr Treasury backed off its extreme overbought condition at 3.20%... we got the green light for the pre holiday rally. If you use your common sense; you can see that the extreme rally followed 8 weeks of extreme selling. With the high volume selling that occurred when the 10 yr Treasury yield was making new highs and the SPX was making new lows; anyone who has been around the block knew that if rates ease; a rally ensues.

It is amusing to us (decades of knowledge & experience) to hear that these companies are now great, the Fed is going to pivot/pause (they haven't even hiked yet:)), and inflation has peaked and we're roaring. Do you know what's happening in the month of June??? The Fed is hiking interest rates and doing QUANTATIVE TIGHTENING and the CPI is coming out. One of the Fed guys (Bostic who DOES NOT even VOTE) says he thinks we should pause in September....What does he know and what authority...NOTHING!

Powell has made it clear that they want INFLATION to go down toward 2% from 8%-15% where it is now. Do you think the stock market going to new highs, household saving declining back to 2008 levels (spending) and credit card usage-availability & exploding retail sales off the charts helps the Fed's goals?

Short covering, high frequency trading, and spec buying, end of month window dressing (are you going to tell your boss you are in cash as the SPX rallies 350 POINTS!!) has its limits will take us only so far up. The SPX has technical resistance at 4177 and then 4270 and 4396 and 4450 so the hurdles are waiting. As we saw when we got that suckers rally to SPX 4631...the market can break thru resistance sometimes but if it is a FUGAZZI RALLY..down it comes..if not..is the Fed is for real (who knows?)...their mandate is cooked

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Thanks

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